



Job Creation Compliance Report for Texas Economic Development Act

Economic Development
and Analysis
Form 50-825

Job Creation Compliance Report is an annual report required by Tax Code §313.0276 and §313.033. It is only required for applications considered complete on or after Jan. 1, 2014. These are Applications #1000 and above.

Date Report Prepared: 5/14/2015

Report Tax Year: 2014

Report Prepared By: Mike Fry

SECTION 1: Applicant Information

1. Application review start date: September 8, 2014

2. Application number: #1016

NOTE: You can find your application number on the website www.texasahead.org/tax_programs/chapter313/applicants

3. Name of school district: Barbers Hill ISD

4. Name of applicant on original application: Lone Star NGL Asset Holdings II, LLC

5. Name of company entering into original agreement with district: Lone Star NGL Asset Holdings II, LLC

6. If you are one of two or more companies originally applying for a limitation, list all other applicants here and describe their relationships.
(Use attachments if necessary.)

SECTION 2: Current Agreement Information

1. Name of current agreement holder(s): Lone Star NGL Asset Holdings II, LLC

2. Contact information for employee of current agreement holder that can verify jobs:

Name Megan McKavanagh
Phone (214) 572-0457

Title Property Tax Manager
Email megan.mckavanagh@energytransfer.com

NOTE: Social Security numbers (SSNs) for employees must be available upon request to verify employment. Only list a contact person with access to this data. DO NOT provide sensitive or confidential data, such as SSNs, on this form.

SECTION 2: Current Agreement Information (continued)

3. If you are a current agreement holder who was not an original applicant, please list all other current agreement holders. Please describe the chain of ownership from the original applicant to the new entities. *(Use attachments if necessary.)*

SECTION 3: Creation of Qualifying Jobs

1. What was the number of new qualifying jobs you committed to create in the application? 4
2. How many qualifying jobs were based on the qualified property in the year covered by the report? 0
 - a. Of the qualifying job-holders last year, how many were employees of the approved applicant? 0
 - b. Of the qualifying job-holders last year, how many were employees of an entity contracting with the approved applicant? 0
 - c. If any qualifying job-holders were employees of an entity contracting with the applicant, does the approved applicant or assignee have documentation from the contractor supporting the conclusion that those jobs are qualifying jobs? ☒ N/A ☐ Yes ☐ No
3. Did you receive a waiver from the school board to waive the minimum new qualifying job creation requirement, as provided under Tax Code §313.025(f-1)? ☒ Yes ☐ No
 - 3a. If yes, attach documentation sufficient to verify the waiver was received.
4. Are you part of a Single Unified Project (SUP) and relying on the provisions in Tax Code §313.024(d-2) to meet the qualifying job requirements? ☐ Yes ☒ No
 - 4a. If yes, attach documentation from the Texas Economic Development and Tourism Office sufficient to verify designation as a SUP. List the qualified jobs located in other districts on page two of this form, clearly identified as located in a designated SUP area.
5. Are you relying on the provisions in Tax Code §313.021(3)(F) to meet the qualifying job requirements? ☐ Yes ☒ No
 - 5a. If yes, attach documentation from the Texas Workforce Commission sufficient to verify the provisions have been met.
6. Do all qualifying jobs meet all minimum requirements set out in Tax Code §313.021(3)? ☒ Yes ☐ No
 - 6a. Complete the attached spreadsheet to document detailed information sufficient to verify that the listed qualifying jobs meet the minimum requirements in Tax Code §313.021(3).
7. Were any of the jobs listed as qualifying jobs transferred from a facility of the agreement holder from one area of the state to the property covered by the agreement? ☐ Yes ☒ No
8. Were any of the jobs listed as qualifying jobs created to replace a previous employee of the agreement holder? ☐ Yes ☒ No

SECTION 3: Creation of Qualifying Jobs (continued)

9. Complete wage calculations based on the Tax Code section selected in question 9a using information from the four quarterly periods for which data were available at the time of the application review start date (date of a completed application).
Note: Final statutory minimum annual wage requirement for each qualifying job may differ slightly from the estimate provided in the application. See TAC §9.1051.

9a. Which Tax Code section did you use to estimate the wage standard required for this project? ☐ §313.021(5)(A) ☒ §313.021(5)(B)

9b. Calculate 110% of the average weekly wage for manufacturing jobs in the county if using §313.021(5)(A) or region if using §313.021(5)(B). \$1,149.71

10. Are the jobs listed as qualifying jobs covered by a group health benefit plan for which the business offers to pay at least 80 percent of the premiums or other charges assessed for employee-only coverage under the plan, regardless of whether an employee may voluntarily waive the coverage? ☒ Yes ☐ No

Date: 5/14/2015

Company Name: Lone Star NGL Asset Holdings II, LLC

Tax Year Covered by Report: 2014[illegible]

Notes:

1. Only list jobs meeting all of the requirements of Tax Code §313.021(3). Add rows if necessary. Do NOT include sensitive or private data on this form. Do NOT include SSNs on this form.
2. See TRC §9.1051 for definitions of average weekly wage.
3. If there has been turnover in a position and it has been refilled, show the position as the same job number but with an alpha suffix, i.e. Job #3, refilled with #3a, etc.

By signing below, Megan McKanagh, certify that I am an employee of Energy Transfer, a current agreement holder of a limitation on appraised value who is authorized to sign on behalf of the company. The contents of this form and the attached documentation are true and correct to the best of my knowledge and belief.

**print
here**

Print Name/Title: Mean McManagh - Property Tax Manager Phone: (210) 572-0457

Phone

sign
here

Authorized Employee Signature
Meghan McLamb/Dina

Authorized Employee Signature

Date _____

5.27.15

The comptroller requests companies submit both an electronic version and a signed hard copy version of the spreadsheet (with any attachments)

REQUEST FOR WAIVER OF JOB CREATION REQUIREMENT

The new Mariner South Export Fractionator manufacturing facility will create four new, full-time Qualifying Jobs for operators, which is the industry standard for the number of employees reasonably necessary for the operation of the facility. Moreover, the facility will be located on the same parcel as Lone Star's two fractionator projects ("Frac I" and "Frac II"). These fractionators will create an additional 35 Qualifying Jobs, 25 for Frac I and 10 for Frac II. These positions will also be utilized to operate, maintain and support the Mariner South Export Fractionator. Thus the three projects cumulatively will create 39 new jobs, all of which are Qualifying Jobs.

A survey of other companies' fractionators, many of which are unassociated with such additional job creation and economies of scale, provides the following comparison of FTE operator positions:

Barbers Hill, Mont Belvieu	4
Barbers Hill, Mont Belvieu	4
Seminole, Mont Belvieu	5
West Texas, Mont Belvieu	5
Port Allen, Louisiana	7*
Promix, Louisiana	5
Tebone, Louisiana	8*
Norco, Louisiana	8*

*These facilities are older and require more manpower to sustain operations. Technological advances have limited the need for full time employees as evidenced by the declining number of operators reasonably necessary for the operation of the facility.

TAB 13

Calculation of Wage Requirements

Calculation of Wage Information - Based on Most Recent Data Available

110% of County Average Weekly Wage for all Jobs

2014	1Q	\$ 1,018
2013	2Q	\$ 1,059
2013	3Q	\$ 1,069
2013	4Q	\$ 1,155

$$\begin{array}{rcl} \$ 4,301 & /4 = & \$1,075 \text{ average weekly salary} \\ & & \underline{\times 1.1 (110\%)} \\ & & \$ 1,182.78 \end{array}$$

110% of County Average Weekly Wage for Manufacturing Jobs in County

2014	1Q	\$ 1,422
2013	2Q	\$ 1,725
2013	3Q	\$ 1,436
2013	4Q	\$ 1,732

$$\begin{array}{rcl} \$ 6,315 & /4 = & \$1,579 \text{ average weekly salary} \\ & & \underline{\times 1.1 (110\%)} \\ & & \$ 1,736.63 \end{array}$$

110% of County Average Weekly Wage for Manufacturing Jobs in Region

\$54,350.00 per year

X1.10 (110%)

\$59,785.00

\$1,149.71 Average weekly

2013 Manufacturing Wages by Council of Government Region
Wages for All Occupations

COG	Wages	
	Hourly	Annual
Texas	\$23.73	\$49,363
<u>1. Panhandle Regional Planning Commission</u>	\$20.43	\$42,499
<u>2. South Plains Association of Governments</u>	\$16.53	\$34,380
<u>3. NORTEX Regional Planning Commission</u>	\$19.15	\$39,838
<u>4. North Central Texas Council of Governments</u>	\$25.00	\$51,997
<u>5. Ark-Tex Council of Governments</u>	\$17.45	\$36,298
<u>6. East Texas Council of Governments</u>	\$19.50	\$40,565
<u>7. West Central Texas Council of Governments</u>	\$18.64	\$38,779
<u>8. Rio Grande Council of Governments</u>	\$16.27	\$33,848
<u>9. Permian Basin Regional Planning Commission</u>	\$22.89	\$47,604
<u>10. Concho Valley Council of Governments</u>	\$17.20	\$35,777
<u>11. Heart of Texas Council of Governments</u>	\$19.44	\$40,444
<u>12. Capital Area Council of Governments</u>	\$27.31	\$56,805
<u>13. Brazos Valley Council of Governments</u>	\$17.20	\$35,770
<u>14. Deep East Texas Council of Governments</u>	\$16.48	\$34,287
<u>15. South East Texas Regional Planning Commission</u>	\$29.09	\$60,501
<u>16. Houston-Galveston Area Council</u>	\$26.13	\$54,350
<u>17. Golden Crescent Regional Planning Commission</u>	\$22.23	\$46,242
<u>18. Alamo Area Council of Governments</u>	\$18.91	\$39,329
<u>19. South Texas Development Council</u>	\$13.94	\$28,990
<u>20. Coastal Bend Council of Governments</u>	\$23.78	\$49,454
<u>21. Lower Rio Grande Valley Development Council</u>	\$15.82	\$32,907
<u>22. Texoma Council of Governments</u>	\$20.93	\$43,529
<u>23. Central Texas Council of Governments</u>	\$17.33	\$36,042
<u>24. Middle Rio Grande Development Council</u>	\$19.07	\$39,666

Source: Texas Occupational Employment and Wages

Data published: July 2014

Data published annually, next update will be July 31, 2015

Note: Data is not supported by the Bureau of Labor Statistics (BLS).

Wage data is produced from Texas OES data, and is not to be compared to BLS estimates.

Data intended for TAC 313 purposes only.

Quarterly Employment and Wages (QCEW)

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Year	Period	Area	Ownership	Division	Level	Ind Code	Industry	Avg Weekly Wage
2013	1st Qtr	Chambers County	Total All	00	0	10	Total, All Industries	\$1,055
2013	1st Qtr	Chambers County	Total All	31	2	31-33	Manufacturing	\$1,532
2013	2nd Qtr	Chambers County	Total All	00	0	10	Total, All Industries	\$1,059
2013	2nd Qtr	Chambers County	Total All	31	2	31-33	Manufacturing	\$1,725
2013	3rd Qtr	Chambers County	Total All	00	0	10	Total, All Industries	\$1,069
2013	3rd Qtr	Chambers County	Total All	31	2	31-33	Manufacturing	\$1,436
2013	4th Qtr	Chambers County	Total All	00	0	10	Total, All Industries	\$1,155
2013	4th Qtr	Chambers County	Total All	31	2	31-33	Manufacturing	\$1,732
2014	1st Qtr	Chambers County	Total All	00	0	10	Total, All Industries	\$1,018
2014	1st Qtr	Chambers County	Total All	31	2	31-33	Manufacturing	\$1,422

FINDINGS
OF THE
BARBERS HILL INDEPENDENT
SCHOOL DISTRICT BOARD OF TRUSTEES
UNDER THE
TEXAS ECONOMIC DEVELOPMENT ACT
ON THE APPLICATION SUBMITTED BY
LONE STAR NGL ASSET HOLDINGS II, LLC (#1016)

DECEMBER 15, 2014

FINDINGS OF THE BARBERS HILL INDEPENDENT
SCHOOL DISTRICT BOARD OF TRUSTEES UNDER THE
TEXAS ECONOMIC DEVELOPMENT ACT
ON THE APPLICATION SUBMITTED BY
LONE STAR NGL ASSET HOLDINGS II, LLC (#1016)

STATE OF TEXAS

§

COUNTY OF CHAMBERS

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On the 15th day of December, 2014, a public meeting of the Board of Trustees of the Barbers Hill Independent School District ("District") was held. The meeting was duly posted in accordance with the provisions of the Texas Open Meetings Act, Chapter 551, Texas Government Code. At the meeting, the Board of Trustees took up and considered the application of Lone Star NGL Asset Holdings II, LLC ("Applicant") for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code. The Board of Trustees solicited input into its deliberations on the Application from interested parties within the District. After hearing presentations from the District's administrative staff, and from consultants retained by the District to advise the Board in this matter, the Board of Trustees makes the following findings with respect to application from Applicant, and the economic impact of that application:

On June 24, 2014, the Superintendent of the District, acting as agent of the Board of Trustees, and the Texas Comptroller of Public Accounts ("Comptroller") received an Application from Applicant for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code. The application was determined complete by the Comptroller on September 8, 2014. A copy of the Application is attached as **Attachment A**.

The Applicant, (Texas Taxpayer Id. 32044534082), is an entity subject to Chapter 171, Texas Tax Code, and is certified to be an active franchise taxpayer by the Comptroller. See **Attachment B**.

The Board of Trustees acknowledged receipt of the Application, along with the requisite application fee, established pursuant to Texas Tax Code § 313.025(a)(1) and Local District Policy.

The Application was delivered to the Comptroller for review pursuant to Texas Tax Code § 313.025(d). A copy of the Application was delivered to the Chambers County Appraisal District for review pursuant to 34 Tex. Admin. Code § 9.1054.

The Application was reviewed by the Comptroller pursuant to Texas Tax Code §313.026, and a Comptroller Certificate was issued on September 25, 2014 in which the Comptroller has determined that: 1) the property meets the requirements of Section 313.024 for eligibility for a limitation on appraised values; 2) the proposed project is reasonably likely to generate tax revenue in an amount sufficient to offset the school district maintenance and operations ad valorem tax revenue lost as a result of the agreement before the 25th anniversary of the beginning of the limitation period; and, 3) the limitation on appraised value is a determining factor in the applicant's decision to invest capital and construct the project in this state. A copy of the Certificate is attached to the findings as **Attachment C**.

The Board of Trustees also directed that a specific financial analysis be conducted of the impact of the proposed value limitation on the finances of District. A copy of the report prepared by Moak, Casey & Associates, Inc. is attached to these findings as **Attachment D**.

The Board of Trustees has confirmed that the taxable value of property in the District for the preceding tax year, as determined under Subchapter M, Chapter 403, Government Code, is as stated in **Attachment E**.

The Texas Education Agency has evaluated the impact of the project on the District's facilities. TEA's determination is attached to these findings as **Attachment F**.

At the specific direction of the Comptroller's Office, the parties used the template Texas Economic Development Agreement. As required by the Comptroller's Office, the parties changed only the provisions of the template that the Comptroller permitted. The proposed Agreement is attached to these findings as **Attachment G**. In November 2014, the Texas Comptroller's Office announced its intention to modify Comptroller Form 50-

286 and to permit amendments to existing agreements including the agreement for which these Findings are being made.

After review of the Comptroller's Certificate and economic analysis, and in consideration of its own studies the Board finds:

Board Finding Number 1.

The Board finds that the property meets the requirements of §313.024 for eligibility for a limitation on appraised value.

In support of Finding 1, the Application indicates that:

Lone Star NGL Asset Holdings II, LLC (LONE STAR II) is requesting an appraised value limitation from Barbers Hill Independent School District (BHISD) for their proposed raw natural gas manufacturing plant.

Property that is used for manufacturing satisfies the requirements of §313.024(b)(1).

Board Finding Number 2.

The project proposed by the applicant is reasonably likely to generate, before the 25th anniversary of the beginning of the limitation period, tax revenue, including state tax revenue, school district maintenance and operations ad valorem tax revenue attributable to the project, and any other tax revenue attributable to the effect of the project on the economy of the state, in an amount sufficient to offset the school district maintenance and operations ad valorem tax revenue lost as a result of the agreement.

In support of Finding 2, the economic impact evaluation Attachment B states:

This represents the Comptroller's determination that Lone Star NGL Asset Holdings II, LLC (project) is reasonably likely to generate, before the 25th anniversary of the beginning of the limitation period, tax revenue in an amount sufficient to offset the school district maintenance and operations ad valorem tax revenue lost as a result of the agreement. This evaluation is based on an analysis of the estimated M&O portion of the school district property tax levy and

employment of direct and indirect induced tax effects directly related to this project, using estimated taxable values provided in the application.

	Tax Year	Estimated ISD M&O Tax Levy Generated (Annual)	Estimated ISD M&O Tax Levy Generated (Cumulative)	Estimated ISD M&O Tax Levy Loss as Result of Agreement (Annual)	Estimated ISD M&O Tax Levy Loss as Result of Agreement (Cumulative)
Limitation Pre-Years	2014	\$0	\$0	\$0	\$0
	2015	\$106,000	\$106,000	\$0	\$0
	2016	\$1,007,000	\$1,113,000	\$0	\$0
Limitation Period (10 Years)	2017	\$318,000	\$1,431,000	\$2,703,000	\$2,703,000
	2018	\$318,000	\$1,749,000	\$2,582,160	\$5,285,160
	2019	\$318,000	\$2,067,000	\$2,461,320	\$7,746,480
	2020	\$318,000	\$2,385,000	\$2,340,480	\$10,086,960
	2021	\$318,000	\$2,703,000	\$2,219,640	\$12,306,600
	2022	\$318,000	\$3,021,000	\$2,098,800	\$14,405,400
	2023	\$318,000	\$3,339,000	\$1,977,960	\$16,383,360
	2024	\$318,000	\$3,657,000	\$1,857,120	\$18,240,480
	2025	\$318,000	\$3,975,000	\$1,736,280	\$19,976,760
	2026	\$318,000	\$4,293,000	\$1,615,440	\$21,592,200
Maintain Viable Presence (5 Years)	2027	\$1,812,600	\$6,105,600	\$0	\$21,592,200
	2028	\$1,691,760	\$7,797,360	\$0	\$21,592,200
	2029	\$1,570,920	\$9,368,280	\$0	\$21,592,200
	2030	\$1,450,080	\$10,818,360	\$0	\$21,592,200
	2031	\$1,329,240	\$12,147,600	\$0	\$21,592,200
Additional Years as Required by 313.026(c)(1) (10 Years)	2032	\$1,208,400	\$13,356,000	\$0	\$21,592,200
	2033	\$1,087,560	\$14,443,560	\$0	\$21,592,200
	2034	\$966,720	\$15,410,280	\$0	\$21,592,200
	2035	\$845,880	\$16,256,160	\$0	\$21,592,200
	2036	\$845,880	\$17,102,040	\$0	\$21,592,200
	2037	\$845,880	\$17,947,920	\$0	\$21,592,200
	2038	\$845,880	\$18,793,800	\$0	\$21,592,200
	2039	\$845,880	\$19,639,680	\$0	\$21,592,200
	2040	\$845,880	\$20,485,560	\$0	\$21,592,200
	2041	\$845,880	\$21,331,440	\$0	\$21,592,200

\$21,331,440

is less than

\$21,592,200

Analysis Summary

Is the project reasonably likely to generate M&O tax revenue in an amount sufficient to offset the M&O levy loss as a result of the limitation agreement?

No

NOTE: The analysis above only takes into account this project's estimated impact on the M&O portion of the school district property tax levy directly related to this project.

Source: CPA, LONE STAR II Southwest, Inc.

Disclaimer: This examination is based on information from the application submitted to the school district and forwarded to the comptroller. It is intended to meet the statutory requirement of Chapter 313 of the Tax Code and is not intended for any other purpose.

Employment Indirect and Induced Tax Effects

Year	Employment			Personal Income			Revenue & Expenditure		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total	Revenue	Expenditure	Net Tax Effect
2015	189	198	387	\$10,395,000	\$13,530,781	\$23,925,781	\$1,319,885	-\$633,240	\$1,953,125
2016	193	213	406	\$10,638,352	\$16,705,398	\$27,343,750	\$1,487,732	-\$411,987	\$1,899,719
2017	4	39	43	\$243,352	\$5,738,093	\$5,981,445	\$373,840	\$473,022	-\$99,182
2018	4	27	31	\$243,352	\$4,395,320	\$4,638,672	\$320,435	\$465,393	-\$144,958
2019	4	21	25	\$243,352	\$3,296,687	\$3,540,039	\$267,029	\$434,875	-\$167,846
2020	4	19	23	\$243,352	\$3,174,617	\$3,417,969	\$236,511	\$389,099	-\$152,588
2021	4	19	23	\$243,352	\$2,808,406	\$3,051,758	\$190,735	\$305,176	-\$114,441
2022	4	17	21	\$243,352	\$2,320,125	\$2,563,477	\$144,958	\$236,511	-\$91,553
2023	4	21	25	\$243,352	\$2,930,476	\$3,173,828	\$137,329	\$198,364	-\$61,035
2024	4	17	21	\$243,352	\$2,564,265	\$2,807,617	\$144,958	\$129,700	\$15,258
2025	4	25	29	\$243,352	\$2,686,336	\$2,929,688	\$167,847	\$106,812	\$61,035
2026	4	25	29	\$243,352	\$2,564,265	\$2,807,617	\$167,847	\$38,147	\$129,700
2027	4	16	20	\$243,352	\$2,442,195	\$2,685,547	\$30,518	-\$15,259	\$45,777
2028	4	12	16	\$243,352	\$2,198,054	\$2,441,406	-\$15,259	-\$68,665	\$53,406
2029	4	6	10	\$243,352	\$1,465,632	\$1,708,984	-\$61,035	-\$106,812	\$45,777
2030	4	8	12	\$243,352	\$1,221,492	\$1,464,844	-\$99,182	-\$175,476	\$76,294
2031	4	(0)	4	\$243,352	\$977,351	\$1,220,703	-\$152,588	-\$213,623	\$61,035
2032	4	(0)	4	\$243,352	\$489,070	\$732,422	-\$167,847	-\$259,399	\$91,552
2033	4	2	6	\$243,352	\$733,211	\$976,563	-\$160,217	-\$358,582	\$198,365
2034	4	2	6	\$243,352	\$489,070	\$732,422	-\$205,994	-\$389,099	\$183,105
2035	4	(2)	2	\$243,352	\$244,929	\$488,281	-\$236,511	-\$419,617	\$183,106
2036	4	(0)	4	\$243,352	-\$243,352	\$0	-\$289,917	-\$511,169	\$221,252
2037	4	(4)	0	\$243,352	-\$487,493	-\$244,141	-\$320,435	-\$564,575	\$244,140
2038	4	(6)	-2	\$243,352	-\$975,774	-\$732,422	-\$289,917	-\$595,093	\$305,176
2039	4	(4)	0	\$243,352	-\$487,493	-\$244,141	-\$305,176	-\$640,869	\$335,693
2040	4	(4)	0	\$243,352	-\$731,633	-\$488,281	-\$335,693	-\$717,163	\$381,470
2041	4	(0)	4	\$243,352	-\$1,219,915	-\$976,563	-\$366,211	-\$778,198	\$411,987
Total							\$1,983,642	-\$4,081,727	\$6,065,369

\$27,396,809 is greater than \$21,592,200

Analysis Summary

Is the project reasonably likely to generate tax revenue in an amount sufficient to offset the M&O levy loss as a result of the limitation agreement?

Yes

Disclaimer: This examination is based on information from the application submitted to the school district and forwarded to the comptroller. It is intended to meet the statutory requirement of Chapter 313 of the Tax Code and is not intended for any other purpose.

Board Finding Number 3.

The limitation on appraised value is a determining factor in the applicant's decision to invest capital and construct the project in this state.

In support of Finding 3, the economic impact evaluation Attachment C states:

The Comptroller determines that the limitation on appraised value is a determining factor in the Lone Star NGL Asset Holdings II, LLC's decision to invest capital and construct the project in this state. This is based on information available, including information provided by the applicant. Specifically, the comptroller notes the following:

- According to the application, "Energy Transfer's pipeline footprint provides substantial flexibility in where future facilities or investments may be located."
- Per the company, capital investments are allocated to projects and locations based on expected economic return and property tax liabilities can make up a substantial ongoing cost of operation.
- The applicant provided an economic analysis of this project with value limitations and also without, which showed the benefit of the property tax limitation.

Board Finding Number 4.

The Board finds that the Application Fee received for the Application for which these Findings are being made was reasonable and only in such an amount as was necessary to cover the District's costs of processing such Application.

Board Finding Number 5.

Based upon the information provided in the Application and in the Comptroller's Certificate package, the Board finds that that the number of jobs to be created and the wages to be paid comply with the requirements of statute. And, the Board finds that the Chapter 313 Tax Limitation Agreement (Attachment G), in accordance with

Comptroller's Form 50-286, contains all required provisions and information related to the required job creation requirements, to wit: the provisions set forth in Subsections 9.1C&D of said Agreement.

The Applicant has committed to creating four (4) new qualifying jobs. The average salary level of qualifying jobs will be at least \$59,785 per year. The review of the application by the State Comptroller's Office indicated that this amount—based on Texas Workforce Commission data—complies with the requirement that qualifying jobs must pay 110 percent of the county average manufacturing wage. As defined in Section 313.021 of the Tax Code, "Qualifying job" means a permanent full-time job that:

- (A) requires at least 1,600 hours of work a year;
- (B) is not transferred from one area in this state to another area in this state;
- (C) is not created to replace a previous employee;
- (D) is covered by a group health benefit plan for which the business offers to pay at least 80 percent of the premiums or other charges assessed for employee-only coverage under the plan, regardless of whether an employee may voluntarily waive the coverage; and
- (E) pays at least 110 percent of the county average weekly wage for manufacturing jobs in the county where the job is located.

Board Finding Number 6.

Based upon the information provided to the District with regard to the industry standard for staffing ratios of similar projects in the State of Texas, the District has determined that if the job creation requirement set forth in Texas Tax Code § 313.021(2)(A)(iv)(b) was applied, for the size and scope of the project described in the Application, the required number of jobs meets or exceeds the industry standard for the number of employees reasonably necessary for the operation of the facility.

Board Finding Number 7.

The Applicant does not intend to create any non-qualifying jobs.

For any non-qualifying job the Applicant creates, the Applicant must pay at least the county average wage for all jobs in the county.

Board Finding Number 8.

The revenue gains that will be realized by the school district if the Application is approved will be significant in the long-term, with special reference to revenues used for supporting school district debt.

In support of this finding, the analysis prepared by Moak, Casey & Associates projects that the project would initially add \$285 million to the tax base for debt service purposes at the peak investment level for the 2017-18 school year, with the project value expected to depreciate over the course of the agreement. The project remains fully taxable for debt services taxes, with the District levying a \$0.2698 per \$100 I&S rate. Under the estimates presented in the school finance analysis, the taxpayers of BHISD should see long-term benefit from the Lone Star project in meeting the District's future service needs even with the expected depreciation of the project's taxable value.

Board Finding Number 9.

The effect of the applicant's proposal, if approved, on the number or size of needed school district instructional facilities is not expected to increase the District's facility needs, with current trends suggest little underlying enrollment growth based on the impact of the project.

The summary of financial impact prepared by Moak, Casey & Associates, Inc., indicates that there will be little to no impact on school facilities created by the new manufacturing project. This finding is confirmed by the TEA evaluation of this project's impact on the number and size of school facilities in the District as stated in **Attachment F**.

Board Finding Number 10.

The Board finds that with the adoption of District Policy CCG (Local), implemented in conformance with both Comptroller and Texas Education Agency Rules governing Chapter 313 Agreements, it has developed a process to verify, either directly or through its consultants, the accuracy and completeness of information in annual eligibility reports and biennial progress reports regarding (1) the reported number of jobs created and (2) the reported amount invested in the property.

Board Finding Number 11.

The Board of Trustees hired consultants to review and verify the information in the Application. Based upon the consultants' review, the Board has determined that the information provided by the Applicant is true and correct.

The Board has developed a written policy CCG (Local) which requires, upon the filing of an Application under Tax Code Chapter 313, the retention of consultants in order to verify: (1) that Applicant's information contained in the Application as to existing facts is true and correct; (2) that Applicant's information contained in the Application with respect to projections of future events are commercially reasonable and within the ability of Applicant to execute; (3) that information related to job creation is commercially reasonable and within the ability of Applicant to execute; (4) that Applicant's representations concerning and economic incentives being offered, if any, and (2) the proposed project meets eligibility requirements.

As a part of its verification process the Board notes that the Chapter 313 Application for which these Findings are being made has been submitted by Applicant under oath. Chapter 313 Applications are governmental records under Tex. Penal Code § 37.01(2)(A); as a result, all statements contained therein are representations of fact within the meaning of Tex. Penal Code § 37.01(3). Since Board action upon the adoption of these Findings and the approval of the Chapter 313 Tax Limitation Agreement (**Attachment G**) is an "official proceeding," a false statement on a Chapter 313 application constitutes perjury under Tex. Penal Code § 37.03.

The Board finds that sworn statements are routinely used as an acceptable verification method for reliance by fact finders in each of the three separate branches of government, including trials.

The consultants have prepared signed statements that the consultants have reviewed and verified the contents of the Application and have determined that the current statements of fact contained in the Application are true and correct. The Board finds that reliance by the Board and its consultants upon verified statements of the Applicant, especially as to Applicant's future intentions which cannot be objectively verified is reasonable and within the intent of Chapter 313, Texas Tax Code.

Board Finding Number 12.

The Board of Trustees has determined that the Tax Limitation Amount requested by Applicant is currently Thirty Million Dollars, which is consistent with the minimum values currently set out by Tax Code, § 313.054(a).

The Board finds that the Chapter 313 Tax Limitation Agreement (**Attachment G**), in accordance with Comptroller's Form 50-286, contains all required provisions and information related to the required investment amount, to wit: the amount set forth in Section 2.4B of said Agreement. According to the Texas Comptroller of Public Accounts' School and Appraisal Districts' Property Value Study 2013 Final Findings made under Subchapter M, Chapter 403, Government Code for the preceding tax year, Attachment F, the total 2013 industrial value for the District is \$4.1 billion. The District is categorized as Subchapter C, which applies only to a school district that has territory in a strategic investment area, as defined under Subchapter O, Chapter 171, Tax Code or in a county: (1) that has a population of less than 50,000 and (2) in which, from 1990 to 2000, according to the federal decennial census, the population: (A) remained the same; (B) decreased; or (C) increased, but at a rate of not more than three percent per annum. The District is classified as a "rural" district due to its population characteristics. Given that the value of industrial property in the District is more than \$200 million, it is classified as a Category I district which can offer a minimum value limitation of \$30 million.

Board Finding Number 13.

The Board finds that the Chapter 313 Tax Limitation Agreement (Attachment G), in accordance with Comptroller's Form 50-286, contains all required provisions and information related to the required investment amount, to wit: the amount set forth in Section 2.4B of said Agreement.

Board Finding Number 14.

The Applicant (Taxpayer Id. 32044534082) is eligible for the limitation on appraised value of qualified property as specified in the Agreement as an active franchise-tax paying entity.

The Applicant, (Texas Taxpayer Id. 32044534082), is an entity subject to Chapter 171, Texas Tax Code, and is certified to be an active franchise tax payer by the Comptroller. See **Attachment B**. The Board also finds that the Chapter 313 Tax Limitation Agreement (Attachment G), in accordance with Comptroller's Form 50-286 contains all required provisions necessary for the Board to assess the eligibility of any business to which an agreement is transferred, to wit: the requirement that all assignments are amendments to the provision forth in Section 10.4 of said Agreement.

Board Finding Number 15.

The project will be located within an area that is currently designated as a reinvestment zone, pursuant to Chapter 312 of the Texas Tax Code. Should it be required, the District will cooperate with the Applicant in ensuring that the area remains designated as a reinvestment zone through the Final Termination Date of the Agreement.

Board Finding Number 16.

The Agreement for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code, attached hereto as Attachment G, includes adequate and appropriate revenue protection provisions for the District.

In support of this finding, the report of Moak, Casey & Associates, Inc. shows that the District will incur a revenue loss primarily in the first year that the value limitation is in

effect without the proposed Agreement. However, with this Agreement, the negative consequences of granting the value limitation are offset through the revenue protection provisions agreed to by the Applicant and the District. Revenue protection measures are in place for the duration of the Agreement.

Board Finding Number 17.

The Board finds that the methodology and processes for determining Applicant's revenue protection payments as are set forth in Article IV of the Chapter 313 Tax Limitation Agreement (Attachment G) comply with Texas Tax Code, Chapter 313.

Board Finding Number 18.

The Board finds that the Chapter 313 Tax Limitation Agreement (Attachment G), in accordance with Comptroller's Form 50-286 contains all required provisions necessary for the Board to assess performance standards and to require periodic deliverables that will enable it to hold businesses accountable for achieving desired results, to wit: the reporting requirements set forth in Article VIII of said Agreement.

Board Finding Number 19.

The Agreement for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code, attached hereto as Attachment G, is in the form of the template Texas Economic Development Act adopted by the Comptroller. Should a new template be adopted that corrects the broken cross references, clarifies wording and grammatical errors, and corrects contractual ambiguities not acceptable to either party, the Board finds that it would be in the District's best interest to agree to amend the Agreement.

Board Finding Number 20.

The Board finds that there are no conflicts of interest at the time of considering the agreement.

The Board finds that with the adoption of District Policies BBFA and BBFB, both (Legal) and (Local), that it has taken appropriate action to ensure that all District Trustees, have disclosed any potential conflicts of interest, and that such disclosures will be made if any

conflict of interest arises in the future, in compliance with the requirements of Texas Local Gov't Code §171.004.

The Board finds that with the adoption of District Policies DBD, DGA, and DH BBFB, both (Legal) and (Local) that it has taken appropriate action to ensure that all District employees and/or consultants, have disclosed any potential conflicts of interest, and that such disclosures will be made if any conflict of interest arises in the future, in compliance with the requirements of Texas Local Gov't Code §171.004.

The Board finds that that no non-disclosed conflicts of interest exist as to the Application for which these Findings are being made, as of the time of action on these Findings. In addition, Barbers Hill ISD should ensure that disclosure occurs at the meeting at which the school board will vote on the business's application.

Board Finding Number 21.

The Board finds that it has directed that a link on its Web site to the Comptroller's Office's Web site where appraisal limitation related documents are made available to the public.

Board Finding Number 22.

Considering the purpose and effect of the law and the terms of the Agreement, that it is in the best interest of the District and the State to enter into the attached Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes.

It is therefore ORDERED that the Agreement attached hereto as **Attachment G** is approved and hereby authorized to be executed and delivered by and on behalf of the District. It is further ORDERED that these findings and the Attachments referred to herein be attached to the Official Minutes of this meeting, and maintained in the permanent records of the Board of Trustees of the District.

It is further ORDERED that upon the issuance by the Comptroller's Office of a new Form 50-286 that the Board, in accordance with Comptroller rules and new form 50-286, will consider an amendment to Attachment G upon the request of Applicant or District staff.

Dated the 15th day of December 2014.

BARBERS HILL INDEPENDENT SCHOOL DISTRICT

By: 

Becky Tice, President, Board of Trustees

ATTEST:

By: 

Cynthia Erwin, Secretary, Board of Trustees